

THE CHANGING CONTOURS OF SUPERMARKET SHOPPERS IN INDIA

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ABSTRACT

With a large share of India's population opting to shop at supermarkets, the contours of supermarket shoppers are said to be getting more and more complex by each passing day. In the midst of this dilemma, this paper attempts to study the characteristics of supermarket shoppers in India across different regions through a descriptive approach. In this study an all India level survey of 1111 supermarket shoppers has been initiated in analyzing the characteristic features of supermarket shoppers in India. The study also attempts to assess the shopping habits and the factors that influence the Indian supermarket shoppers. The researchers believe that the valuable insights provided by this study can be fruitfully used by retailers to devise strategies to attract customers and also beat the competition.

KEYWORDS: Retailing, Supermarkets, Supermarket Shoppers, India

INTRODUCTION

It is pleasing to note that the MasterCard Worldwide Index of Consumer Confidence has ranked Indian consumers as one of the most confident in the world (Deloitte, 2012). Adding to their confidence is the power of their disposable incomes which is growing at a robust speed. The Indian consumer who is thus empowered with huge disposable income is all ears for new avenues and experiences to spend his money. Though the monsoons in India have been deficient in 2011-12, it is raining malls and offers for the Indian consumer. On one end the consumers are flooded with numerous options that they are finding it hard to decide and on the other end, the malls are flooding with multiple retailers who fighting it out for the customers disposable incomes. With this the Indian consumer is in a fix and so is the retailer. This brings us to the need for analyzing the changing contours of retail customers across different regions in India in order to lead the way for the retailers.

The concept of retailing, in India has come of age. At a time when India was in the vicious circle of poverty, retailing had its birth in Indian the mandis, melas and wet markets. Eventually retailing bloomed in the form of public distribution system, self-service store and finally took the avatar of independent store. Over the years retailing has witnessed dramatic changes and has gracefully grown to become one of the most potential service sectors in the Nation. In the last three decades, Indian retail sector has witnessed rapid transformation in many areas of business by setting scalable and profitable retail models across categories. Among the new and indigenized formats such as departmental stores, hypermarkets, supermarkets, specialty and convenience stores; supermarkets are fast dotting the retail landscape (KPMG, 2009). When supermarkets were first established in India during the 1970's there were very few shoppers interested in shopping at these new outlets. In the years that followed also though many new entrepreneurs and businessmen ventured into supermarket business, only a handful survived. However, the millennium year brought about magnanimous changes in the area of supermarket retailing. Kishore Biyani led Big bazaar was the first supermarket in

India's organized retail to have attracted a plethora of Indian shoppers from different segments. The success story of big bazaar paved the way for many other Indian big-wigs like Reliance, Bharti, Birla, TATA, HLL, ITC etc to venture into supermarket retailing.

Today supermarket retailing is recognized as "*mother of all retail formats*", growing at a rate of 45 per cent in our country and is contributing to over 30 per cent of all the food and grocery retail sales (KPMG 2012). The increasing demand for supermarkets by the shoppers is said to be propelled by increasing urbanization, rising purchasing power parity (PPP) of ever growing India's middle class, changing demographic profiles, heavily tilted young population, technological revolution, intense globalization drive etc. With a large share of India's population opting to shop at supermarkets, the contours of supermarket shoppers are said to be changing by the day. This paper attempts to study the characteristics of supermarket shoppers in India across different regions in order to enable the retailers to serve their customers better. Attempts have also been made to identify the shopping habits of the Indian supermarket shopper and also to arrive at the factors that influence these shoppers to choose their supermarket outlet.

LITERATURE REVIEW

The main premise of this paper is that changing demographics of supermarket shoppers in India is going to have major strategic implications supermarket retailers. This is because of the fact that the contour of supermarket shoppers in a multi-cultural country like India has always been very volatile. The emergence of supermarket shoppers in India is traced back to 1971, when Nilgiri's came up with its first ever supermarket in Bangalore, South India. It was noticed that only the middle and upper-middle class population of Bangalore and a section of foreigners who had continued to stay in Bangalore even after the British quit India were found shopping at the Nilgiri's outlets. In the subsequent years other supermarkets like Margin Free supermarket, Apna bazaar, Food world sprang up in different parts of the country. These supermarkets were found to be located in city centers and attracted more shoppers because of their convenience, high standard of hygiene and attractive ambience. With this more middle class population added to the existing bandwagon of supermarket shoppers (Goldman and Hino, 2005).

In recent years, the "Walmart effect" has been proposed to explain the demise of smaller, proprietary retail outlets in many advanced economies, including the United States. This effect refers to the growth of multi-store retail outlets /self-service outlets and the decline of independently owned, smaller stores located in downtown and neighborhood locations (Goetz and Swaminathan 2006). Consumer's preference for touch and feel is the key factor for evolution of this self-service format. At the same time the availability of basic items such as bread, milk, eggs, etc. makes it the most preferred destination for all kind of shoppers (Tarun and Chopra 2007). More and more everyday facilities like banks, cafes, childcare centers/creches, photo processing, video rentals, pharmacies, and/or gas stations are being added to bigger supermarkets to provide their customers one stop shopping convenience which has attracted different sections of the society to opt for supermarkets to meet their shopping needs. (Sengupta Arindam 2008). With the increase in the number of supermarket players more and more shoppers in India are changing lanes from unorganized to organized retailers, supermarkets being the most popular format in all (Detloitte, 2012). In this scenario, Vetrivel (2011) advised that retailers should identify their target customers and create good rapport with their customers for increasing their revenue streams. As the Indian consumer is getting more and more unpredictable the organized retailer is finding it hard to identify his target market. This brings us to identifying a huge gap that is prevalent in the market in terms of assessing the characteristic features of supermarket shoppers in India.

OBJECTIVES OF THE STUDY

The major objectives of this research are:

- To identify the characteristic features of supermarket shoppers in India.
- To assess the shopping habits of Indian supermarket shoppers ; and
- To identify the factors that influence the Indian supermarket shoppers choose their supermarket outlet.

SCOPE

This research covers supermarket shoppers across northern, southern, eastern and western part of India. Supermarket shoppers found shopping at organized Chain-supermarket outlets have been included as the respondents for the study.

LIMITATIONS

The study covers only chain-supermarket players in the organized retail industry. Since, organized retail is going to be the next big-thing in India this study limits itself to the organized retail in general and supermarket retailers in particular.

RESEARCH METHODOLOGY

Research Design

This research is basically quantitative in nature, although a qualitative approach has been adopted to arrive at the typology of supermarket shoppers in India. Through personal interviews with supermarket outlet managers of selected chain-supermarkets in India, the researchers were able to arrive at the factors that would determine the characteristics features of supermarket shoppers and the same were used in developing a structured questionnaire for the survey. An all India level survey of 1111 respondents shopping at supermarket outlets across the nation has been the basis for the findings of this paper.

Data Collection

For the purpose of this research mixed sampling technique has been employed. The selection of samples has been done in two stages. In the first stage, owing to the availability of sampling frame, the researcher decided to opt for probability sampling technique. The sampling frame constituted of data on region wise spread of supermarket retailers in India (Mc Kinsey Report, 2010).

Since the supermarket retailers were divided into mutually exclusive and exhaustive sub-groups, these groups which constituted of north, south east and west of India were considered as strata's. Taking proportionate sample from each sub -group, the researcher decided to apply proportionate stratified sampling method. The second stage involved the selection of respondents from each of the stratum, for which the researcher has adopted convenience sampling method. Through this method supermarket shoppers were contacted at supermarket intercepts in north, south, east and west of India and were administered the questionnaires.

RESULTS

Demographic Profile of Supermarket Shoppers in India

All the respondents have indicated that they have shopped in supermarkets before. It was striking to find that the proportion of male and female shopper's was almost identical (50 per cent and 50 per cent respectively). The chi-square test also yielded in indicating that there was significant difference between the regions with regards to gender of supermarket shoppers. It is therefore, clear that both men and women enjoy shopping at supermarkets in India. The age of supermarket shoppers exhibited a distinct pattern across regions. It was observed that (Table1) majority of the shoppers belonged to 20yrs -39 yrs across all the regions in India. The chi-square value also indicated significant difference across regions. The reason for majority of the supermarket shoppers being young could be attributed to the fact that, India is dominated by a young population with more than 60 per cent of the total population being below the age group of 35 years. The educational qualification of respondents was also taken into consideration as the same was supposed to have a bearing on the supermarket shopping habits and preferences. Of the total samples, 49 per cent of the respondents were graduates, 37 per cent were post graduates, 13 per cent were undergraduates and 1 per cent were professionals. Fisher's test also showcased significant difference across regions with regards to qualification of the respondents revealing that almost all supermarket shoppers had atleast some educational qualification and there were hardly any illiterates.

The survey of supermarket shoppers has also indicated that majority of 63 per cent of the respondents belonged to the salaried class. It can be observed that though people of different status preferred to visit supermarket outlets, it is the salaried class who most commonly preferred visiting supermarket outlets. This could be attributed to the increasing salary rates in India, which facilitated shoppers to choose supermarkets for their convenience and enhanced shopping experience. The Fisher's exact value confirms the fact that there is high significant difference among the regions with regard to status of respondents.

The income distribution of respondents has also been considered for this study, with the belief that the income of the respondents is closely associated with their preference for supermarket outlets for shopping. However, it is interesting to note that, of the various respondents 42 per cent of the respondents belong to the income group of less than Rs.2 lakh per annum, followed by 21 per cent from income group of Rs. 4 lakh-Rs. 5.99 lakh per annum, 20 per cent from less than Rs. 2 lakh-Rs 3.99 lakh per annum and just 17 per cent from more than Rs. 6 lakh per annum. This indicates that it is not the higher income category of people (who earn more than Rs. 6 lakh per annum) who prefer to shop at supermarket outlets, rather it the people in the low income bracket who prefer shopping in supermarket's. The reason could be attributed to the low prices offered by supermarkets and also the other promotional offers that lure the low income customers.

Table 1: Demographic Profile Supermarket Shoppers in India across Regions

Attributes	Characteristic Features	Responses across Regions (%)				Total (%)	Test Used
		North	South	East	West		
Gender	Male	57	49	37	50	50	Chi-Square test
	Female	43	51	63	49	50	
Age	Less than 20yrs	18	18	8	5	11	Chi-Square test
	20yrs-29yrs	20	42	48	36	35	
	30yrs-39yrs	37	9	30	25	26	
	40yrs-49yrs	16	23	4	11	14	
	Over 50 yrs	9	8	0	24	14	
Educational Qualification	Undergraduate	21	25	5	5	13	Fisher's Exact Test
	Graduate	36	54	65	48	49	

	Post graduate	42	20	31	47	37	
	Others	1	2	0	0.4	1	
Status	Student	13	26	15	13	16	Fisher's Exact Test
	Housewife	1	8	14	5	6	
	Self-employed	21	14	19	11	15	
	Salaried	64	53	52	71	63	
	Unemployed	0	0	0	0.4	0.2	
Income(per annum)	Less than Rs 2 lakh	23	60	43	39	42	Chi-Square test
	Rs 2lakh-Rs 3.99lakh	34	21	24	16	20	
	Rs 4lakh-Rs.5.99lakh	5	6	30	32	21	
	More than Rs 6lakh	35	13	4	14	17	

In summary, it is observed that supermarket shoppers in India include young and educated men and women who belong to the salaried class and lower income bracket.

Shopping Habits of Indian Supermarket Shoppers

The concept of supermarket shopping in India has come of age. However, the concept of regularly shopping at supermarkets to suffice all the needs of the customer is a phenomenon yet to sink-in in our country. While assessing the respondent's supermarket shopping exposure across regions it was interesting to note that majority of the respondents (30 percent) were in the habit of shopping at supermarkets for over 5 years. The chi-square test also confirmed consensus on this behavior across regions indicating that the Indian customers had a prolonged exposure to supermarket shopping.

An analysis of the regularity of visit to supermarkets by the respondents showcased that about 37 per cent of the respondents visited supermarkets on a weekly basis and another 34 per cent on a monthly basis indicating that visit to the supermarket was a regular phenomenon for an Indian customer.

Table 2: Shopping Habits of Indian Supermarket Shoppers across Regions

Attributes	Characteristic Features	Responses across Regions (%)				Total (%)	Test Used
		North	South	East	West		
Supermarket shopping exposure	Less than 1 year	1	8	56	18	16	Chi-Square test
	1yr-2yrs	12	17	17	13	14	
	2yrs-3yrs	21	15	9	21	18	
	3yrs-4yrs	14	9	3	11	10	
	4yrs-5yrs	19	13	4	10	12	
	More than 5 yrs	33	38	11	28	30	
Regularity of visit	Daily	0	4	8	5	4	Chi-Square test
	Weekly	20	40	33	45	37	
	Fortnightly	12	19	30	18	19	
	Monthly	65	30	23	24	34	
	Once in awhile	3	6	7	7	6	

Factors Influencing Supermarket Shopper's Choice of Supermarket Outlet in India

One of the objectives of this research is to enable supermarket retailers identify the factors that influence Indian shoppers to choose the supermarket outlets for meeting their shopping needs. In order to identify the same, seven commonly used strategies by supermarket retailers in India were identified and the customers were asked to make their choices among them. These seven items included in the survey were then subject to factor analysis. These items used to assess factors influencing Indian supermarket shopper's choice of supermarket outlets were considered to be reliable in their measurement as the KMO (Kaiser-Meyer-Okin) measure of sampling adequacy was found to be 0.661 and the χ^2 of

the Bartlett's test of sphericity was 651.530 (sign. =0.000), so that factor analysis of the sample data seems suitable. The results of the factor analysis are given in Table 3. The seven items used to identify the factors influencing Indian supermarket shopper's choice of supermarket outlet were subjected to principal component analysis using Varimax with Kaiser Normalization. As a result, four components were rejected and only three were identified, with criteria of Eigen value > 1. These three components had variance of 23.311, 20.542 and 16.110 and summed up to a cumulative variance of 59.963 per cent (which is satisfactory for social sciences). Hence these three factors were considered as being important in influencing the Indian supermarket shopper's choice of supermarket outlet in India.

Table 3: Factor Analysis of Factors Influencing Indian Supermarket Shoppers Choice of Supermarket Outlet

Rotated Component Matrix	Factor1	Factor2	Factor3
Location		0.442	
Store appearance	0.648		
Differentiated product	0.763		
Low price	0.765		
Product assortment		0.787	
Customer service		0.780	
Store layout			0.870

Note: Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
 Rotation converged in 4 iterations

The factors identified were further subjected to interpretation on the basis of their factor loadings:

- Factor 1 loaded heavily on Differentiated product and low prices. Since these factors were a part of Porters competitor-centric strategy. They were coined as competitor-centric factors.
- Factor 2 loaded heavily on product assortment and customer service. Hence this factor was termed as variety/service.
- Factor 3 loaded heavily on Store layout. Hence it was labeled as layout.

An analysis of all the three factors identified as being important in influencing Indian supermarket shoppers choice of supermarket outlet has led the understanding that the competitor –centric strategies and customer-centric strategies postulated in earlier research has scope for application in the Indian context. With the competition in the supermarket retail Industry intensifying, the retailers in India could ride on the recommended strategies in order to attract customers and beat the competition.

IMPLICATIONS OF THE RESEARCH

This research meaningfully contributes existing literature on supermarket shoppers in India. This research has not just been instrumental in identifying the current characteristic features of supermarket shoppers in India but also, has enabled supermarket managers in identifying the factors that influence Indian supermarket shoppers choose their outlet. The results of this research can be effectively used by supermarket players in India to design their retail strategies to attract customers and beat competition.

SCOPE FOR FURTHER RESEARCH

Though earlier research in the context of retailing has recommended the use of competitor-centric and customer-centric strategies, there has hardly been any research done in the Indian context to assess if these strategies would hold good for Indian supermarket shoppers too. This research been exceptional in this sense and has confirmed that the recommended strategic alternatives would work wonders in the Indian context too. However, the effectiveness of each of these strategic alternatives is yet to be assessed. Researchers can also think of comparing the two strategic alternatives and identifying the most effective among the two.

CONCLUSIONS

The supermarket retail landscape in India which is changing at an astronomical phase is attracting a lot of customers. However, these customers are getting a little tough to handle with their changing contours that are backed by increasing purchasing power and even more increasing avenues for supermarket shopping. In these tough times, this paper has made an earnest attempt to not just analyze the characteristic features of Indian supermarket shopper but also arrive at important strategic initiatives that could enable supermarket retailers to successfully lure shoppers to their doorstep.

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